

Message Text

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ACTION XMB-04

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FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC IMMEDIATE 4891

C O N F I D E N T I A L BANGKOK 17228

DEPT. PASS EXIM AND OPIC

E.O. 11652: GDS
TAGS: EFIN, TH
SUBJECT: SIAM KRAFT PAPER COMPANY

1. THE CRIMINAL COURT ON AUGUST 4 HANDED DOWN DECISION ALLOWING SIAM DRAFT PAPER COMPANY TO STRETCH OUT PAYMENT OF 65.7 MILLION BAHT FINE OVER SEVEN YEARS RATHER THAN THE 11 WHICH THE COMPANY HAD ASKED FOR. THE PUBLIC PROSECUTOR'S OFFICE HAD OBJECTED TO ANY STRETCH-OUT AND ASKED THAT COMPANY BE REQUIRED TO MAKE IMMEDIATE PAYMENT.

2. FIRST PAYMENT OF 10.7 MILLION BAHT WOULD BE DUE EACH YEAR FOR FOLLOWING FIVE YEARS; AND 5 MILLION BAHT IN FINAL YEAR. COURT ALSO DIRECTED THAT A BANK GUARANTEE BE OBTAINED BY THE COMPANY TO ENSURE THAT THE PAYMENT SCHEDULE WOULD BE MET. EMBASSY HAS ASKED FOR COPY OF COURT RULING WHICH WE WILL TRANSLATE AND SEND TO WASHINGTON. COMPANY INDICATES COURT DECISION TODAY WAS ORAL AND WRITTEN DECISION WILL BE AVAILABLE AUGUST 5.

3. EMBOFFS SPOKE SEPARATELY WITH AMARATE AND TARRIN. TARRIN WAS QUITE DISCOURAGED. HE BELIEVED THAT POLITICAL INTERVENTION HAD BEEN UNSUCCESSFUL. HE CHARACTERIZED THE DECISION AS HIGHLY UNFAIR AND DIFFICULT
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TO LIVE WITH. AS UNFAIR AS HE THOUGHT DECISION WAS,

HE BELIEVES THAT THE PUBLIC PROSECUTOR MAY STILL ASK THE COURT OF APPEALS TO SET ASIDE THIS SCHEDULE AND DIRECT IMMEDIATE PAYMENT. AMARATE DOES NOT SHARE THIS VIEW. HE SPECULATES THAT PERHAPS THIS IS ONLY AN "OPENING GAMBIT" WITH THE JUDGE EXPECTING AN APPEAL FROM THE COMPANY. AMARATE

CONTENDS THINGS ARE NOT AS BLACK TODAY AS YESTERDAY.
TIME HAS BEEN BOUGHT AND THERE WILL NOW BE OPPORTUNITIES
FOR FURTHER MANEUVERING.

4. COMPANY THINKS THAT SITUATION HERE JUSTIFIES HAVING
EXIM OFFICER ON THE SPOT AND ASKED EMBASSY TO URGE THAT
EXIM SEND SOMEONE TO BANGKOK ASAP. SIAM KRAFT NEEDS EXIM
REACTION TO REQUIREMENT THAT COMPANY OBTAIN A BANK
GUARANTEE OF THE PAYMENT OF THE FINE. COMPANY MUST
RESPOND TO COURT BY AUGUST 26 AS TO WHETHER IT CAN
COMPLY WITH ORDER ISSUED AUGUST 4.

5. AMARATE HAS DISCUSSED NEXT STEP WITH SIAM CEMENT
LAWYER WHO PLANS TO DISCUSS MATTER PRIVATELY
WITH HIS OLD FRIEND THE CHIEF JUSTICE OVER THE WEEKEND.
FIRST QUESTION WILL BE LEGALITY OF AN APPEAL. LAWYER
IS UNCERTAIN ON THIS POINT. AS HE AND AMARATE MULLED
OVER STRATEGY LATE AFTERNOON AUGUST 4, THEY TENTATIVELY
AGREED THAT IF APPEAL IS POSSIBLE COMPANY SHOULD MOVE TO
ATTACK AS SUPREME COURT COULD ONLY GRANT MORE LIBERAL
CONDITIONS AND WOULD NOT IMPOSE CONDITIONS MORE SEVERE
THAN THOSE SET FORTH IN TODAY'S RULING. ON THE OTHER
HAND, SHOULD THE PUBLIC PROSECUTOR DECIDE TO APPEAL FOR
IMMEDIATE PAYMENT, THE COMPANY WOULD BE ON THE DEFENSIVE.
AMARATE IS BAFFLED AS TO THE MOTIVATION OF PUBLIC PROSE-
CUTOR BUT CONJECTURES HE MAY BE MERELY MAKING A PUBLIC
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RECORD OF HAVING DONE HIS DUTY WHILE KNOWING FULL WELL
FURTHER CONCESSIONS ARE LIKELY.

6. AMARATE STRONGLY BELIEVES EXIM OFFICIAL SHOULD NOW
COME TO BANGKOK AS ALL CREDITORS MUST SIT DOWN, REACH
AGREEMENT ON HOW TO PROCEED AND PRESENT A SOLID FRONT.
EMBASSY AGREES.

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